

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IJEBU NORTH EAST LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2022

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ACKNOWLEDGEMENT

I wish to express my gratitude and appreciation to Almighty God for giving us the privilege to produce this Report. We are grateful to God for making our proposal a success.

I also wish to acknowledge the support of His Excellency, the Governor of Ogun State, Prince Dapo Abiodun MFR to this Office. The provision of enabling environment and the needed resources by His Excellency has shown that he is an advocate of probity and accountability in governance. I also acknowledge and appreciate the contributions of the members of the 9th Legislative Assembly of Ogun State House of Assembly particularly the Chairman and members of the Public Accounts Committee.

I cannot but appreciate the favourable disposition of the immediate past Head of Service Dr Nafiu Aigoro and the current Head of Service Mr Kolawole Peter Fagbohun for their regular support towards keeping this Office afloat.

Finally, my gratitude goes to the management and staff of this Office for their uncommon commitment to duty and loyalty to the discharge of their duties without which this Report would not have been possible.

Thank you and God bless you all.



L. A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
23rd June, 2023.



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

Parastatals Building Block "B" Oke-Mosan. P.M.B. 2047, Abeokuta,
OGUN STATE, NIGERIA

AUDIT CERTIFICATE

I have examined the accounts of Ijebu North East Local Government for the year ended 31st December, 2022 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2022 subject to the observations in the inspection reports.

A handwritten signature in blue ink, appearing to read "L. A. Mulero", is written over a horizontal line.

L. A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
23rd June, 2023.

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
IJEBU NORTH EAST LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2022**

The accounts of Ijebu North East Local Government for the year ended 31st December, 2022 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

The Local Government is responsible for the preparation of the Financial Statements under IPSAS Accrual Basis of accounting as applicable in the public sector. It is our responsibility to form an independent opinion based on our Audit on the Financial Statements therein.

THE SCOPE OF THE AUDIT

We conducted our Audit in accordance with Generally Accepted Auditing Standards and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit. An audit includes examination on test basis of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgement made by the Council in the preparation of the financial statements, and whether the accounting policies were appropriate in the Council circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations we considered necessary to provide sufficient evidence to give reasonable assurances that the financial statements are free from material misstatement, whether by fraud, other irregularities or errors.

In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements and assessed whether the Council's books and Accounts had been properly kept.

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

23rd June, 2023.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN FOR THE YEAR ENDED 31ST DECEMBER, 2022

In compliance with the provisions of Section 123 of Decree Number 12 of 1989 and 315(1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ijebu North East Local Government, Atan for the year ended 31st December, 2022 have been audited. The General Purpose Financial Statement was prepared by the management of the Local Government and is therefore responsible for the contents and information contained therein. The Financial Statement was prepared under the International Public Sector Accounting Standards (IPSAS) Accrual Basis as applicable to the Public Sector. The audit was conducted in accordance with Generally Accepted Auditing Standards.

In our opinion, subject to our observations, the General Purpose Financial Statement presented to Audit reflects a true and fair view of the financial activities of the Local Government for the year under review.

(2) STATE OF THE BOOKS OF ACCOUNTS AND RECORDS

There was some improvements in record keeping although there were few errors in the ledger. Accounting records like the receivable and payable ledgers were not maintained. Cashbook balances were written with pencil.

(3) FINANCIAL REVIEW:

<u>REVENUE</u>	AMOUNT (₦)
Independent Revenue	30,510,489.74
Statutory Allocation	1,792,635,990.01
Aids and Grants	<u>31,333,333.34</u>
Total	<u>1,854,479,813.09</u>

<u>EXPENDITURE</u>	
Salaries and Allowances	1,231,926,300.94
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	135,342,922.52
Pensions	443,429,523.13
Long Term Assets	<u>10,826,672.73</u>
Total	<u>1,821,525,419.32</u>

(4) REVENUE PERFORMANCE:

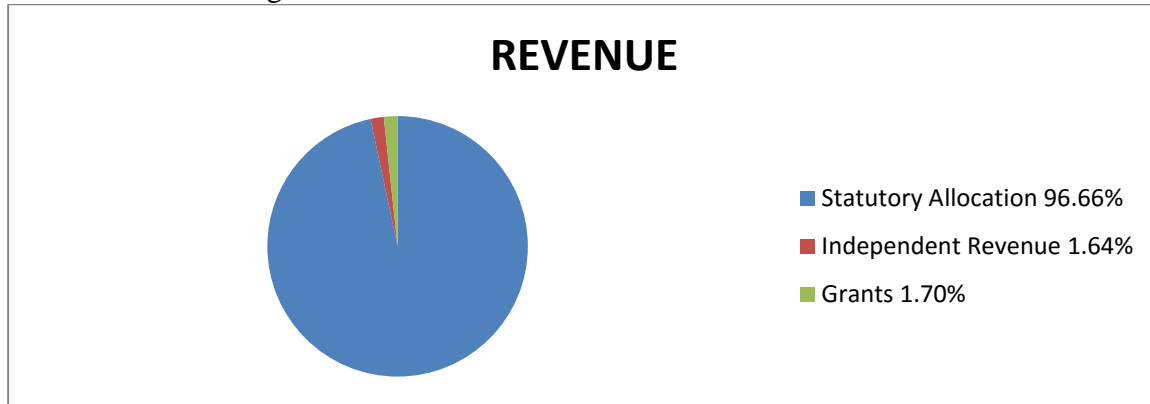
(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦32,791,200.00, a sum of ₦30,510,489.74 only was actually generated internally representing 93.04% of the budget. This represents an increase of 41.53% when compared with the sum of ₦21,557,405.46 generated internally in year 2021. This revenue

performance is an improvement on the previous year, it however does not represent the revenue potential of your Local Government

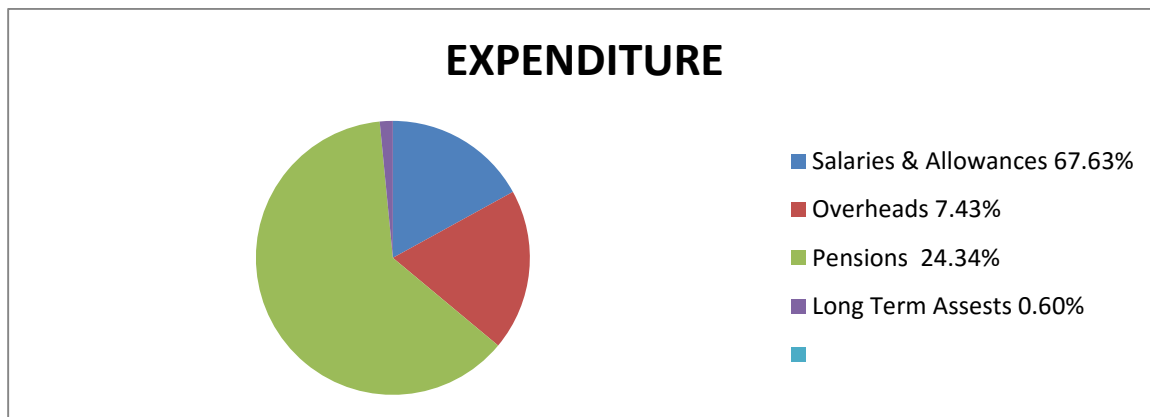
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦1,854,479,813.09 realized by the Local Government during the year under review, a sum of ₦30,510,489.74 only was generated internally. This represented 1.64% of the total revenue while the sum of ₦1,792,635,990.01 statutory allocation and ₦31,333,333.34 aids and grant received from Ogun State Government represented 96.66% and 1.70% respectively. The implication of this is that without Revenue Allocation from the Federation Accounts, the Local Government might not be able to meet her obligations.



(5) **EXPENDITURE PATTERN**

During the period under review, examination of expenditure profile of the Local Government revealed a total expenditure of ₦1,821,525,419.32. Out of this, a sum of ₦1,231,926,300.94 was expended on salaries and allowances which represented 67.63% of the total expenditure for the year. Also, a sum of ₦135,342,922.52 expended on Overheads represented 7.43% while ₦443,429,523.13 expended on pensions represented 24.34% of the total expenditure for the year while the sum of ₦10,826,672.73 was expended on long term assets and this represents 0.6% of total expenditure for the year.



(6) DEBT PROFILE/STATE OF INDEBTEDNESS

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2022 was ₦182,148,635.07. The liabilities are highlighted below:

<u>ITEMS</u>	<u>AMOUNT (₦)</u>
1. PAYE	58,945,039.69
2. 5K Tax	2,283,718.73
3. VAT	18,269,031.25
4. DEVELOPMENT FUND	4,196,294.26
5. 5% WHT	3,822,308.31
6. PENSIONS	61,155,272.23
7. PAYABLES	22,075,225.56
8. OTHERS	<u>11,401,745.04</u>
TOTAL	<u>182,148,635.07</u>

It was observed that the above amount had been deducted from various contracts, salaries and allowances of workers and had not been remitted to the appropriate agencies. This is contrary to regulations.

ADVANCES

The sum of ₦618,433.93 highlighted in the Statement of Financial Position as the Advances figure was dormant during the year.

IJEBU-NORTH EAST LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

These financial statements have been prepared by me in accordance with the provisions of Finance (Control and Management) Act Cap 144 LFN 1990 as amended. The financial statements comply with Generally Accepted Accounting Practice.

The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge, this system of internal control has operated adequately through the reporting period.


Mrs Mafe Kemi Ganiyat
Treasurer

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

In our opinion, these financial statements fairly reflect the financial position of Ijebu-North East Local Government Area as at 31st December, 2022 and its operations for the year ended on the date.


Mrs Mafe Kemi Ganiyat
Treasurer


Hon. Badejo Folusho Joseph
Chairman

**IJEBU NORTH EAST LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022**

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	1,780,127.98	-8,661,034.82
INVENTORIES		2,384,686.50	3,403,159.00
RECEIVABLES		66,500.00	18,500.00
PREPAYMENT			
ADVANCE		618,433.93	618,433.93
TOTAL CURRENT ASSET (A)		4,849,748.41	-4,620,941.89
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	521,010,027.12	526,578,316.02
INVESTMENT PROPERTY	9	1,825,200.00	
BIOLOGICAL ASSET			
INVESTMENT		50,000.00	50,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		522,885,227.12	526,628,316.02
TOTAL ASSET (C=A+B)		527,734,975.53	522,007,374.13
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	11	160,073,409.51	216,260,500.17
ACCURED EXPENSES, PAYABLES		22,075,225.56	5,141,600.00
DEFERED INCOME		1,200,000.00	
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		183,348,635.07	221,402,100.17
NON CURRENT LIABILITY			
PUBLIC FUND		16,000.00	16,000.00
BOROWING			
TOTAL NON CURRENT LIABILITY (E)		16,000.00	16,000.00
TOTAL LIABILITY (F=D+E)		183,364,635.07	221,418,100.17
NET ASSETS (G= C-F)		344,370,340.46	300,589,273.96
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		344,370,340.46	300,589,273.96
TOTAL NET ASSET/EQUITY		344,370,340.46	300,589,273.96

IJEBU NORTH EAST LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2022

	NOTES	2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,792,635,990.01	1,408,344,693.23
NON TAX REVENUE	2	27,032,331.10	18,906,658.00
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3	31,333,333.34	15,500,000.00
OTHER REVENUE		3,478,158.64	2,650,747.46
TOTAL REVENUE (A)		1,854,479,813.09	1,445,402,098.69
EXPENDITURE			
SALARIES & WAGES	4	1,231,926,300.94	1,009,372,083.78
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	443,429,523.13	410,103,427.82
OVERHEAD COST	7	117,370,460.38	67,256,924.77
SUBVENTION TO PARASTALS		700,000.00	750,000.00
DEPRECIATION	8 & 9	17,272,462.14	15,621,000.49
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		1,810,698,746.59	1,503,103,436.86
SURPLUS / DEFICIT (C=A-B)		43,781,066.50	-57,701,338.17

IJEBU NORTH EAST LOCAL GOVERNMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	₦
Balance 1/1/2021	357,779,135.38
Prior Year Adjustment	511,476.75
Adjusted Balance	358,290,612.13
Surplus/ (deficit) for the year	-57,701,338.17
Balance 31/12/2021	300,589,273.96
Prior Year Adjustment	
Adjusted Balance	300,589,273.96
Surplus/ (deficit) for the year	43,781,066.50
Balance at 31 December 2022	344,370,340.46

IJEBU NORTH EAST LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	1,792,635,990.01	1,410,344,693.23
LICENCES, FINES, ROYALTIES, FEES ETC	16,270,200.00	13,761,750.00
EARNINGS & SALES	9,914,863.10	6,368,938.00
RENT OF GOVERNMENT PROPERTIES	799,268.00	368,470.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	31,333,333.34	15,500,000.00
OTHER REVENUE	3,478,158.64	100,000.00
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	1,854,431,813.09	1,446,443,851.23
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,231,926,300.94	1,009,372,083.78
SOCIAL BENEFIT	443,429,523.13	410,103,427.82
OVERHEADS	102,121,062.83	66,474,462.27
SUBVENTION TO PARASTATALS	700,000.00	750,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	1,778,176,886.90	1,486,699,973.87
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=(A)-(B)	76,254,926.19	-40,256,122.64
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	10,826,672.73	5,425,676.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		3,545,000.00
DEFERRED INCOME	1,200,000.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-9,626,672.73	-1,880,676.00
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	-56,187,090.66	41,600,234.07
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-56,187,090.66	41,600,234.07
NET CASH FLOW FROM ALL ACTIVITIES	10,441,162.80	-536,564.57
CASH & ITS EQUIVALENT AS AT 1/1/2022	-8,661,034.82	-8,124,470.25
CASH & ITS EQUIVALENT AS AT 31/12/2022	1,780,127.98	-8,661,034.82

ACCOUNTING POLICY

S/N	
1	<p>Basis of Preparation The General Purpose Financial Statements are prepared under the historical cost convention and in accordance with IPSAS and other applicable standards and laws.</p>
2	<p>Accounting period Reporting period runs from 1st January to 31st December.</p>
3	<p>Reporting Currency The reporting currency is Naira (₦).</p>
4	<p>Revenue</p> <ul style="list-style-type: none"> a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met. b) Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Local Government and the fair value of the assets can be measured reliably.
5	<p>Other revenue</p> <ul style="list-style-type: none"> a) Other revenue consists of gains on disposal of property, plant and equipment. b) Any gain on disposal is recognized at the date control of the assets is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.
6	<p>Aids and Grants Aid and grants to a Local Government is recognised as income on entitlement, while aid and grants to other governments/agencies are recognised as expenditure on commitment.</p>
7	<p>Expenses All expenses are recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p>Property, Plant & Equipment (PPE)</p> <ul style="list-style-type: none"> a) All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or normal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the statement of financial performance.
9	<p>Depreciation The cost of PPE are written off, from the time they are brought into use on a straight line basis over their expected useful lives less any estimated residual value as follows:</p> <ul style="list-style-type: none"> a) Lease properties over the term of the lease b) Buildings 2% c) Plant and Machinery 10% d) Motor vehicles 20% e) Office Equipment 25% f) Furniture and Fittings 20% <ul style="list-style-type: none"> i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried out ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00

	<p>iii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.</p>
10	<p>Disposal Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p>Impairment Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p>Investment Property These are cash-generating property owned by the Local Government. The cost, depreciation and impairment of Investment Property are same with PPE.</p>
12	<p>Unremitted Deductions</p> <p>a) Unremitted deductions are monies owed to third parties such as tax authorities, schemes and associations and other government agencies. These include tax deductions and other deductions at source.</p> <p>b) These amounts are stated as Current Liabilities in the Statement of Financial Position.</p>
13	<p>Payable/Accrued Expenses</p> <p>a) These are monies payable to third parties in respect of goods and services received</p> <p>b) Accrued Expenses for which payment is due in the next 12 months are classified as Current Liabilities. Where the payments are due beyond the next 12 months, they are accounted for as Non-Current Liabilities.</p>
14	<p>Current Portion of Borrowings This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

NOTES TO THE GPFS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. SHARE OF STATUTORY ALLOCATION FROM JAAC

₦

	JANUARY	122,362,974.04
	FEBRUARY	31,842,670.71
	MARCH	126,476,199.08
	APRIL	225,382,044.27
	MAY	36,531,371.22
	JUNE	130,787,621.12
	JULY	131,893,645.15
	AUGUST	148,859,477.23
	SEPTEMBER	119,939,240.06
	OCTOBER	145,838,341.55
	NOVEMBER	426,909,578.76
	DECEMBER	145,812,826.82
	TOTAL	1,792,635,990.01

2 NON-TAX REVENUE

	LICENCES	7,101,700.00
	FEES	9,098,000.00
	FINES	118,500.00
	EARNINGS	7,470,743.10
	RENT OF GOVERNMENT PROPERTIES	799,268.00
	SALES	2,444,120.00
	TOTAL	27,032,331.10

3 AIDS & GRANTS

	OGUN STATE GOVERNMENT	
	NON GOVERNMENT ORGANISATION	31,333,333.34
	TOTAL	31,333,333.34

4 SALARIES & WAGES

	LOCAL GOVERNMENT STAFF	423,230,639.04
	PRIMARY SCHOOL TEACHERS	607,163,989.44
	TRADITIONAL COUNCIL	145,740,097.55
	POLITICAL FUNCTIONARIES	55,791,574.91
	TOTAL	1,231,926,300.94

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	-
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	443,429,523.13
	TOTAL	443,429,523.13

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	45,692,500.00
	HOLGA	552,500.00
	INTERNAL AUDIT	315,000.00
	ADMINISTRATIVE	24,744,185.14
	FINANCE	6,549,188.89
	INFORMATION	2,004,700.00
	P H C	5,923,350.00
	AGRIC	577,000.00
	WORKS	23,816,036.35
	PLANNING	1,784,000.00
	WES	2,345,000.00
	COMMUNITY	3,067,000.00
	TOTAL	117,370,460.38

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	3,365.00
	CASH IN BANKS	1,776,762.98
	TOTAL	1,780,127.98

11 UNREMITTED DEDUCTIONS

1	PENSIONS	61,155,272.23
2	PAYE	58,945,039.69
3	5% VAT	18,269,031.25
4	5% DEVELOPMENT FUND	4,196,294.26
5	5% WHT	3,822,308.31
6	NHF	1,203,552.71
7	5% INCOME TAX	2,283,718.73
8	OTHERS	10,198,192.33
	Total	160,073,409.51

NOTE 8 IJEBU NORTH EAST LOCAL GOVERNMENT

SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2021		534,656,400.00	417,500.00	10,150,889.30	9,034,717.80	962,000.00	577,000.00	17,499,400.00	573,297,907.10
ADDITIONAL DURING THE YEAR				180,000.00	7,243,243.24	390,000.00	1,005,000.00	2,683,130.00	11,501,373.24
LEGACY									0.00
DISPOSAL DURING THE YEAR									-
BAL. C/F		534,656,400.00	417,500.00	10,330,889.30	16,277,961.04	1,352,000.00	1,582,000.00	20,182,530.00	584,799,280.34
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2021		32,069,384.00	0	3,045,266.80	5,830,460.28	961,600.00	554,500.00	4,258,380.00	46,719,591.08
ADDITIONAL DURING THE YEAR		10,693,128.00		1,033,088.93	3,015,492.21	97,500.00	212,200.00	2,018,253.00	17,069,662.14
DISPOSAL DURING THE YEAR									-
ADJUSTMENT									-
BAL. C/F		42,762,512.00	-	4,078,355.73	8,845,952.49	1,059,100.00	766,700.00	6,276,633.00	63,789,253.22
AS AT 31/12/2021		491,893,888.00	417,500.00	6,252,533.57	7,432,008.55	292,900.00	815,300.00	13,905,897.00	521,010,027.12
AS AT 31/12/2020		502,587,016.00	417,500.00	7,105,622.50	3,204,257.52	400.00	22,500.00	13,241,020.00	526,578,316.02

NOTE 9 IJEBU NORTH EAST LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2022				-
ADDITIONAL DURING THE YEAR			2,028,000.00	2,028,000.00
LEGACY				0.00
DISPOSAL DURING THE YEAR				-
BAL. C/F		-	2,028,000.00	2,028,000.00
ACCUMULATED DEPRECIATION				
BAL. AS AT 01/01/2022				-
ADDITIONAL DURING THE YEAR		-	202,800.00	202,800.00
DISPOSAL DURING THE YEAR				
BAL. C/F		-	202,800.00	202,800.00
AS AT 31/12/2022		-	1,825,200.00	1,825,200.00
AS AT 31/12/2021		-	-	-

The Executive Chairman,
Ijebu North East Local Government,
Atan.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN FOR THE YEAR ENDED 31ST DECEMBER, 2022.

The following comments in addition to those contained in the Statutory Report which will be issued from this Office are referred for your attention and comments, in connection with the above Audit Inspection.

2. AUDIT QUERIES.

The underlisted audit queries had earlier been forwarded to you for your necessary action as required by law. Please ensure a quick response to the queries.

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/INE/144/2022	Doubtful Expenditure	160,000.00
2.	OGLG/AQ/INE/145/2022	Doubtful Expenditure	240,000.00
3.	OGLG/AQ/INE/146/2022	Doubtful Expenditure	160,000.00
4.	OGLG/AQ/INE/147/2022	Unreceipted Expenditure	290,000.00
5.	OGLG/AQ/INE/148/2022	Doubtful Donation	100,000.00
6.	OGLG/AQ/INE/149/2022	Engagement of revenue Contractor in violation of regulation	130,000.00
7.	OGLG/AQ/INE/150/2022	Doubtful Expenditure	245,000.00
8.	OGLG/AQ/INE/151/2022	Unreceipted Expenditure	200,000.00
9.	OGLG/AQ/INE/152/2022	Failure to maintain fixed asset register	-

3. BANK RECONCILIATION

Dormant Bank Balances

Observation: In the last audit inspection report, it was reported that the Local Government maintained a long list of bank accounts in its various banks. It was specifically reported that ten (10) of the bank accounts were dormant because they were not operated several years.

During the audit exercise just concluded, the Audit Team discussed the issue of the dormant accounts with the Director of Finance and Supplies (Mrs. K.G. Mafe) at the Exit

Meeting. She confirmed that they have discussed the issue at the F&GPC meeting where it was approved that the dormant bank accounts be closed as advised by the Auditor-General.

Details of the dormant bank balances are highlighted below:

S/NO.	NAME OF BANK	ACCOUNT NO.	CREDIT BALANCE N	DEBIT BALANCE
1.	Intercontinental Bank	6814	333,012.03	-
2.	Wema Bank PLC	121462923	16,240.87	-
3.	Interland bank (Micro Finance)	1100033298	19,130.42	-
4.	Skye Bank Plc. Ijebu-Ode	301172207	594.88	-
5.	Erunwon Microfinance	-	803,719.22	-
6.	Gateway Sapade	1000038553	49,301.70	-
7.	Diamond Bank, Ijebu-Ode	1530405760	28,680.89	-
8.	Interland Microfinance Bank	-	-	-1,759.56
9.	Zenith Bank Plc, Ijebu-Ode	1011730629	-	-19,400,077.46
10.	Zenith Bank Plc, Ijebu-Ode	-	3,437.50	-
	TOTAL		1,254,117.51	19,401,837.02

The bank statements relating to the dormant accounts were requested for, but could not be produced and this made it difficult to ascertain the position of the accounts. The continuous retention of dormant bank accounts would not give the true position of the Local Government's Finances.

Worthy of note is a debit balance of ₦19,400,077.46 in the Local Government's Zenith Bank Account No. 1011730629.

Recommendation: The Local Government is advised to effect the closure of dormant accounts as approved at the F&GPC.

4. DORMANT ADVANCES:-

Observation: Despite my comments in the last Audit Inspection Reports of OGLG/INE/1/Vol.11/274 of 10th May, 2022 and OGLG/INE/1/Vol.11/288 of December, 2022 that the Local Government had not taken any positive action on the recovery of the sum of ₦614,333.31 overdue personal advance, nothing appears to have been done.

Please note again that the dormant advances ought to have been fully liquidated if the Local Government had complied with the provisions of Chapter 16.12 which required regular/consecutive monthly instalment deduction at source from monthly salary payment. In the event of death or resignation, Chapter 16.18 provides that the amount outstanding shall be deducted from any fund due to the dependents of the deceased or the officer that resigned or it shall be recovered from their estate. Where the Local Government fail to comply with these regulations, as advised by this Office, the Auditor-General would be compelled to invoke the

provisions of Chapter 39.3(c)1 which requires that the advances shall be recovered from the Officer that default to recover it.

Recommendation: The Local Government is once again advised to take all measures possible to recover all the accrued personal advance from the serving debtors' salaries and allowances and also liaise with the Bureau of Local Government pensions for the retirees.

5. NON RETIREMENT OF IMPREST

Observation: It was observed during the examination of vouchers that majority of the Carrier officers and political functionaries in the Local Government are still in the habit of taking imprest without retiring the previous ones. There were violation of the provision of Chapter 14:24–27 of the Model Financial Memoranda for Local Government (MFM) which stipulate that, no imprest shall be approved or given unless the previous imprests collected for the same purpose has been retired. This shows that Internal Auditor has not been carrying out post payment audit checks as required by provision of Chapter 40; 1 of the MFM.

Recommendation: You are advised to always ensure that imprests are retired as required by regulations. In addition, the Internal Auditor of the Local Government should wake up to his responsibilities by carrying out post payment checks as required by regulations.

6. FIXED ASSET REGISTER

Observation: Capital Expenditure ledger (Asset Register) is an important document that must be kept by the Local Government. It was observed during the just concluded audit that fixed asset register had been printed but not maintained by the Local Government. The non-maintenance of the ledger is contrary to the provisions of Chapter 18:3(5) which regards fixed assets register as one of the main books of account of the Local Government. Chapter 18:12(8) of the MFM requires that fixed assets register is one of the accounting records to be retained permanently by the finance department, while Chapter 31:10(9) requires that the Treasurer shall be responsible for checking the posting to the fixed assets register monthly. This provisions underscores the importance of the fixed assets register but unfortunately, the Local Government has failed to maintain it.

Recommendation: You are advised to maintain required accounting documents especially the fixed assets register.

7. REVENUE GENERATION PERFORMANCE

Observation: During the period covered by this report, a sum of Thirty-Two Million, Seven Hundred and Ninety-One Thousand, Two Hundred Naira (₦32,791,200.00) only was the total revenue budgeted to be generated in the year, but a sum of Thirty Million, Five Hundred and Ten

Thousand, Four Hundred and Eighty-Nine Naira, Seventy- Four kobo (₦30,510,489.74) only was generated. The amount represented 93.04% of the revenue budget and 141.53% of the sum of Twenty-One Million, Five Hundred and Fifty-Seven Thousand, Four Hundred and Five Naira, Forty-Six kobo. (₦21,557,405.46) that was generated in year 2021.

While the sum of ₦30,510,489.74 generated in year 2022 appear to be impressive when compared with the sum of ₦21,557,405.46 generated in year 2021, a close look at the performance in individual items of revenue revealed that while some were very impressive, others showed a sharp drop in revenue generated. The table below contains some of the revenue heads where the Local Government either did not collect any revenue at all while revenue was collected in the previous period and those that the collections were less than those of the previous year:

IJEBU NORTH EAST LOCAL GOVERNMENT INDEPENDENT REVENUE FOR YEAR 2021 AND 2022			
S/N	DESCRIPTION	2022	2021
1	Cattle Dealer License	1,355,200.00	2,827,500.00
2	Tenement Rate	525,000.00	660,000.00
3	Naming of Street	1,555,000.00	3,375,000.00
4	Proceeds from Sale of Drugs	2,444,120.00	2,853,113.00
5	Rent on Government Quarter	219,268.00	368,470.00

Worthy of note is the revenue from naming of street which dropped from the sum of ₦3,375,000.00 in year 2021 to ₦1,555,000.00 in year 2022 representing 53.95% decrease.

Recommendation: Concerted efforts should be intensified towards enhanced revenue generation. All revenue items should be optimally harnessed.

8. CONSTRUCTION OF BOREHOLE AT IMOWO

Observation: During the audit exercise, it was observed that the Local Government constructed a borehole with overhead tank and generating set at Imowo Market for a sum of Two Million and Twenty-Eight Thousand Naira N2,028,000.00 only. Available documents revealed that the Local Government had entered into agreement with Obanta Venture (a Revenue Contractor) for the operation of the borehole in order to generate revenue and for the benefit of the general public.

It was sad to note that the contractor had not made any payment to the Local Government Treasury after 26 months of the contract amounting to ₦130,000.00 yet to be paid. It is worthy of note that awarding revenue contract is a violation of the State Government's directive in Circular

letter No. SART/72/003 of 25th October, 2013 issued from the Office of the Special Adviser to the Ogun State Government on Revenue and Taxation which forbids revenue contract.

Recommendation: You are advised to revoke the revenue contracts forthwith and recover the sum of ₦130,000.00 yet to be remitted to the Treasury.

9. DONATIONS

Observation: It was observed that the Local Government made donation and financial assistance to people of the Local Government. It was however observed that these donations were not acknowledged by the beneficiaries, as such, there is no evidence that money donated actually got to the beneficiaries. An instance was the donation of ₦100,000.00 to POGIL College of Health Technology vide PV 17/August, 2022 which was not acknowledged by the institution as required by Chapter 14:17 of Model Financial Memoranda.

Recommendation: You are enjoined to always give evidence(s) of transactions executed by Government especially when donations and financial assistance are given, there should be formal acknowledgement as required by regulations.

10. UN-RECEIPTED EXPENDITURE

Observation: It was observed during the examination of payment vouchers that there was neither statement of expenditure nor official printed receipt attached to some payment vouchers and the receipts could not be produced on demand contrary to the Provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments. An instance, was the sum of Two Hundred Thousand Naira (₦200,000.00) only released to Mr. Akingbola Temitope (Principal Administrative Officer) for logistic assistance to INEC for the movement of personnel during the display of national register of voters and distribution of permanent voters' card. Another example was the sum of Two Hundred and Ninety Thousand Naira (₦290, 000.00) only released to Mrs Bello Afolasade (Adult Education Officer) Vide PV 07/August, 2022 for publicity of the celebration of One Year in office of the administration of Hon. Folusho Badejo.

Recommendation: Local Government Officials are advised to always attach official printed receipts and other relevant documents to payment vouchers as evidence that fund released are expended for the purposes for which they are meant.

11. PURCHASE OF CHAIRMAN VEHICLE

Observation: The sum of ₦7,243,240.24 was approved by the Ministry of Local Government and Chieftaincy Affairs to purchase Official Vehicle vide PV. April/2022 and PV Jan/2023. A review of the vehicle revealed that there was no proper documentation of the purchase of the

vehicle. Furthermore, the Toyota Highlander was not included in the list of Local Government property in the assets register.

Recommendation: You are enjoined to always properly document the purchase of properties in relevant files and accounting records to establish their ownership, custody etc.

12. PURCHASE OF TOYOTA CAMRY (MUSCLE)

Observation: Reference to my Inspection Reports No. OGLG/INE/1/Vol.11/256 of 23rd June 2021 and OGLG/INE/1/Vol.11/274 of May 2022 where it was reported that the former Chairman Hon. Sunday Onafuye took away Toyota Camry (Muscle) supplied by a dealer on which the Local Government had paid a sum of One Million Naira and that the former Chairman had paid the dealer the outstanding balance of Two Million Naira after taking it away. The reports requested that your Local Government should recover the sum of One Million Naira paid by the Local Government before it was taken away without due process. During the audit exercise just concluded, the management received the commitment of the former Chairman to refund the One Million Naira involved.

Recommendation: The management of the Local Government is hereby advised once again to intensity effort to recover the initial sum of One Million Naira the Local Government paid on the Toyota Camry (Muscle) to the dealer and inform this office of the evidence of the recovery.

12. STORE

Observation: It was observed during the stock count in finance store that there were lot of obsolete documents and receipts which made the place to be jam-packed. Also, it was observed that there were lot of partly used (in-used) receipts in the store which ordinarily should have been issued out immediately but were still kept in store. There is the risk of some of these partly used receipts being sneaked out of the store when attention is no longer on them and wrongly used.

Recommendation: The Local Government is advised to do all that is necessary to decongest the store of obsolete items. In addition, partly used receipts should be issued out first before new ones.

The Auditor General for Local Government
Office of Auditor General for Local Government
Parastater Building
Oke Mosan
Abeokuta

RE: AUDIT INSPECTION REPORT ON THE ACCOUNT OF IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN FOR THE YEAR ENDED 31ST DECEMBER, 2022

Sequel to receiving the report of the Audit Inspection of the Account of this Local Government for year ended 31st December, 2022 on Monday 19th June, 2023, Vide Ref.No.OGLG/INE/1/Vol.11/300 dated 7th June, 2023 the management team of the Local Government meet, deliberated and come up with the following comments.

2) DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

The Local Government Management has issued directive to the Director of Finance and Supplies to immediately commence the process of destroying the said exhausted receipt book as recommended by your good office. Your good office would be duly informed when the exercise is to be carried out.

3) AUDIT QUERIES

Audit Queries No OGLG/AQ/INELG/147-152/2022 (6 queries) was received and delivered to the affected officers for their responses. The responses to the queries shall be forwarded to your office as soon as possible.

4) BANK RECONCILIATION

The Treasurer has been instructed to do the needful by liaising with relevant authorities to handle this to the advantage of the Local Government authority.

5) DORMANT ADVANCES

The dormant advance as observed has been a big problem to many Local Governments in the recent past. The uniqueness of the local Government services which allow officers to be posted to various Local Governments at one time or other, has revealed that nearly all the Local Governments in the state has the same issue of dormant advances This was due largely to the paucity of fund that had affected the local Government system before the introduction of the IPPMS which centralized the salary payments. While discussing this issue at the exit meeting, the Internal Auditor of the Local Government (Mr. Balogun A.H.A.) made a suggestion that the issue on ground is affecting nearly all the Local Government in the state therefore a form of clearing programme should be introduced where all the Local Government comes together and NET OFF the advances collected on behalf of other Local Government but not remitted to them. This is because many holders of these dormant advances were claiming to have paid it through other Local Governments they had worked.

The Local Government will be glad if your good office could mediate between the Local Governments to achieve this fate.

6) **NON- RETIREMENT OF IMPREST**

Your recommendation on the above is well noted and the Local Government Internal Auditor had earlier issued memo on it dated 13th February and 21st March, 2023 respectively. Measures have been put in place to guide against future occurrence.

7) **FIXED ASSET REGISTER**

Your observation is well noted, The management wishes to state that the asset register was kept and showed to your officers during the last audit exercise, this claim was corroborated in paragraph 12 of Audit Inspection Report.

8) **REVENUE GENERATION PERFORMANCE**

The Local Government have started working on this by forming Revenue Task Force to look into this area and discover many more revenue sources for the Local Government.

9) **CONSTRUCTION OF BOREHOLE AT IMOWO**

The observation on this is well noted, the Local Government shall immediately put up machineries to recover the said amount (N130,000.00) being amount supposed to have been paid for 26 months and thereafter revoke the contract in line with your directive.

10) **DONATIONS**

The Local Government shall henceforth mandate any supposed beneficiaries of Local Government donation to always acknowledge the receipt of donations. And effort are now on to receive acknowledgements for the previous donations identified.

11) **UN-RECEIPTED EXPENDITURE**

The two recipients of the Audit Queries No OGLG/AQ/151&147/2022 has been notified and shall respond accordingly.

12) **PURCHASE OF CHAIRMAN VEHICLE**

The recommendation is well noted and the vehicle has been included in the asset register as directed.

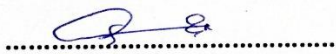
13) **PURCHASE OF TOYOTA CAMMRY (MUSCLE)**

As mentioned the former Chairman has promised to make payment of N1,000,000.00 to the coffers of the Local Government. The Local Government shall intensify efforts to recover the initial sum paid by the Local Government from the former Chairman Hon. Sunday Onafuye.

14) **STORE**

The Treasurer has been mandated to look into this in other to put things in order in the Finance store so as to guide against any unforeseen situation.

Thank you.


.....
Awobotu Victor
Head of Local Government Administration